



## The Basis Project

### Financial management online toolkit

#### Foreword

##### The Basis Project

Across the UK there are many refugee community organisations (RCOs) providing vital services and support to refugees and asylum seekers from all over the world. In England alone there are over 650 RCOs and this figure is constantly changing. RCOs are run by refugees for refugees, and carry out an incredible scale and variety of work, much of which is done on a voluntary basis and with very little resources.

The Basis Project is a five-year Big Lottery (BIG) funded project which aims to empower RCOs across England to achieve their goals. This might involve, for example, managing funded projects more effectively, developing skills to secure sustained funding or improving overall organisational development skills and knowledge.

From January 2008 until November 2011, the project will deliver customised support and training for RCOs throughout nine regions in England. Refugee Council is leading delivery in London, West Midlands, East of England and North East regions. Refugee Action is leading delivery of the project in the North West, East Midlands, South East and South West regions. Project delivery in Yorkshire and Humberside is being shared between Refugee Action and Refugee Council.

Ten Organisational Development Officers (ODOs) - just over one in each region - will provide one to one advisory support and group training in key organisational skills including, financial management; governance; fundraising; and project development.

The Basis Project will provide support to RCOs in different ways depending on the RCO's needs, for example, through the use of: information products and toolkits; one to one support; group training; networking; peer support; seminars and events. The Basis Project will also work with funders and second-tier service providers to improve their understanding of the issues facing RCOs, refugees and asylum seekers, and to improve the RCOs' links to them.

## Acknowledgments

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Thanks to colleagues from Refugee Council and Refugee Action who contributed to the development and production of this toolkit. We would also like to thank John O'Brien, Chief Executive of Community Accounting Plus for reviewing and commenting on this draft toolkit.

Much of the content in this toolkit has been taken from the invaluable Refugee Council publication, *Doing it for Ourselves (2003)* – a step by step guide to setting up and managing an RCO. We would also like to thank the following organisations for allowing us to reproduce their copyright materials.

Community Accountancy Self Help (CASH) ([www.cash-online.org.uk](http://www.cash-online.org.uk))

The Financehub ([www.financehub.org.uk](http://www.financehub.org.uk))

The Resource Centre ([www.resourcecentre.org.uk](http://www.resourcecentre.org.uk))

The Basis Project toolkits, while checked for accuracy, are for information and guidance only. The Basis Project cannot accept responsibility for loss to any organisation or individual as a result of action taken (or refrained from) based on the content of the Basis Project toolkits.

We hope this resource tool will enable refugee community organisations to develop and provide high standard services to their communities.

The Basis Project would like to thank the Big Lottery Fund for its generous support.

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## Introduction

The aims of the Basis Project toolkits are to provide refugee community organisations (RCOs) with practical and accessible information and advice on four key areas of organisational development. For this reason the toolkits are divided into four user-friendly sections: financial management; governance; fundraising and project development. For those RCOs who are receiving support from the Basis Project, the toolkit will also complement any training materials received or learning sessions attended.

The Basis Project toolkits are targeted at small to medium RCOs who have a reasonable infrastructure in place. By this we mean a written constitution, a management committee (MC) with at least three members. We hope that RCOs will be able to adapt information from these toolkits to suit their particular needs and aspirations and to use the toolkits as a guide for their MC, staff and volunteers who are involved in the day to day running of the RCO.

Copies of the toolkits can be downloaded free from the Basis Project website at: [www.thebasisproject.org.uk](http://www.thebasisproject.org.uk). The website also provides further information about the Basis Project.

We hope that you find the Basis Project toolkits useful and look forward to your comments.

### About this toolkit

This financial management toolkit is designed to be an interactive and practical guide for small to medium sized refugee community organisations (RCOs). The aim of the toolkit is to outline what is meant by financial management and to enable RCOs to develop simple finance systems so that they can manage their funds more effectively and achieve long term financial sustainability. If this relates to your organisation, then read on.

### Keep your finance systems simple

People are often anxious about getting involved in what they think will be a very complicated, difficult and intellectual process. But do not forget that the best financial systems are those that are very clear, simple and easy to follow. The more complicated the system, the greater chance that something will go wrong or that someone will make a mistake. The secret of good financial management is not devising the perfect, foolproof system (it does not exist!), but rather to keep things simple, develop routines and get into good habits.

### Legal responsibilities

It is important to remember that the legal responsibility for financial management lies with **every member** of your MC, and not just the treasurer. The MC may delegate carrying out the daily duties of banking and entering information into the cash books to the treasurer or a staff member, but the MC nonetheless retain ultimate responsibility and authority [see the Basis Project **governance toolkit**]. Your MC and members of your RCO must know who is responsible for the financial

tasks in the organisation and these should be clearly defined in the written roles and responsibilities of your MC.

In extreme cases, where something is seriously wrong with the accounts, each and every member of the MC may be liable. In British law, ignorance is no defence, and we would strongly encourage that every member of your MC reads this toolkit on 'financial management' and lets the Basis Project team know if there is anything that is not easy to understand.

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The following sections will look at some of the most important aspects of finance and financial management.

Section one will start by looking at financial controls which all RCOs should follow and what those controls should contain.

Section two will focus on which accounting system is most appropriate for your organisation to use.

Section three will look at having 'reserves' or some money set aside for that 'rainy day' when things might go wrong.

Section four will look at the budgeting process and give practical guidance on drawing up a budget.

Section five will look at how the budget will then be developed to produce a cash flow forecast to help your organisation plan your resources over a complete financial year, which usually runs from 1 April until 31 March.

Section six will look at the implementation of a simple bookkeeping system, suitable for most small and medium sized organisations.

Section seven will look at creating a properly regulated system of petty cash.

Section eight will focus on how to carry out a monthly bank reconciliation.

Section nine will look at how to produce finance reports for the MC.

Section ten will focus on annual accounts, how to produce them, including legal requirements which must be satisfied.

Section eleven contains a glossary of financial terms.

Section twelve contains a list of useful contacts.

Throughout this toolkit, you will find practical examples and templates to illustrate each area.

**The Basis Project online toolkit**  
[www.thebasisproject.org.uk](http://www.thebasisproject.org.uk)

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